


# *Royal Canadian Ventures Ltd.*

ANNUAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 1969



*A member of the DYNAMIC GROUP*



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## ANNUAL REPORT

September 30, 1969

# *Royal Canadian Ventures Ltd.*

(Incorporated under the laws of Alberta)

*A member of the Dynamic Group\**

### DIRECTORS

ARCHIBALD PARK NEWALL, JR., *Calgary*  
FRANK BROWN, *Calgary*  
ROBERT CLIVE BROWN, *Calgary*

### OFFICERS

ARCHIBALD PARK NEWALL, JR., *President*  
FRANK BROWN, *Vice-President*  
ROBERT CLIVE BROWN, *Secretary-Treasurer*

### HEAD OFFICE

210 - 736 - 8TH AVENUE S.W.  
CALGARY 2, ALBERTA

### AUDITORS

PEAT, MARWICK, MITCHELL & CO., *Calgary*

### BANKER

THE ROYAL BANK OF CANADA, *Calgary*

### REGISTRAR

GUARANTY TRUST COMPANY OF CANADA, *Calgary*

### TRANSFER AGENT

GUARANTY TRUST COMPANY OF CANADA, *Calgary & Vancouver*

### SHARES LISTED

VANCOUVER STOCK EXCHANGE, *Vancouver*

\* The term "Dynamic Group of Companies" is used to refer to the following companies collectively: Permo Gas & Oil Limited and its subsidiaries, New Continental Oil Company of Canada Limited and Consolidated East Crest Oil Company Limited, together with affiliated companies, Dynamic Petroleum Products Ltd., Royal Canadian Ventures Ltd., Mill City Petroleums Limited, Crusade Petroleum Corporation Limited, Dynalta Oil & Gas Co. Ltd. and Dynamic Mining Exploration Ltd. (No Personal Liability). These companies are separate and distinct Canadian corporations having an interlocking directorate, interlocking share positions, common management and the same executive offices.



## TO THE SHAREHOLDERS

We are pleased to present to our shareholders the annual report and financial statements of the company for the year ended September 30, 1969.

## SHAREHOLDER RELATIONS

Your directors are very cognizant of the fact that the year 1969 has been a year of unusual interest and concern to our shareholders. Vast numbers of letters and inquiries have been received and answered dealing for the most part with a uranium discovery in northern Saskatchewan by Gulf Minerals Company and widely fluctuating prices in the open market trading of our speculative securities.

In our last annual report we indicated that our exploration activities would be largely directed towards the search for base and precious metals and in this regard our shareholders must realize and appreciate that while there are similarities between oil and mineral prospecting, there are even bigger differences. In the case of an oil discovery, and since oil is a liquid, you can determine quality immediately; you can, if you want, begin producing the oil right away and the extent of the discovery can generally be determined fairly quickly by the drilling of stepout wells. On the other hand in the case of uranium for example, particularly in a vein-type deposit, the grade of the mineralization can vary drastically in a matter of a relatively few feet. You have to drill a lot of holes to get an average and furthermore uranium doesn't flow to you - you have to go to it and you have to dig out every bit of it. For these reasons Gulf Minerals Company, a subsidiary of Gulf Oil Corporation, has been actively engaged since October, 1968 (when an exploratory hole was drilled in the Wollaston Lake area of the Province of Saskatchewan in which ore grade uranium mineralization was encountered) in determining the extent of the deposit and evaluation drilling is continuing. When Gulf has completed its studies pertaining to assured reserves, mine and mill feasibility, markets and other economic factors, its decision will be announced and at that time, but not before, will we be able to inform our shareholders.

The shares of the company traded in substantial volume on the Vancouver Stock Exchange during 1969 and while this interest in our securities is gratifying, our shareholders must not look to the directors and officers of the company for an explanation of fluctuating market prices. We are very optimistic that our efforts in the mining industry, and the uranium discovery in Saskatchewan in particular will materially

affect the future prosperity of the company and will eventually lead to some stabilization of prices in the open market trading of our securities. On the other hand, however, we cannot predict the extent or duration of opposing factors such as anti-inflation pressures, etc. We will continue to keep our shareholders informed as to important developments.

## EXPLORATION

During the year under review the company, in co-operation with associated companies, has participated at little cost to itself in extensive widespread mineral exploration programs in the Provinces of British Columbia, Saskatchewan, Manitoba and in the Northwest Territories. These programs which are covered in greater detail elsewhere in this report have resulted in proving up additional reserves of ore around the Gulf Minerals Rabbit Lake uranium discovery, several new uranium prospects in the vicinity of, or on trend with, the Gulf Minerals Rabbit Lake discovery which are now being evaluated by diamond drilling; significant discoveries of uranium and other minerals in the Baker Lake region of the Northwest Territories, a significant discovery of porphyry type copper mineralization in the Barriere Lake area near Kamloops, British Columbia and in outlining numerous other mineral prospects in western Canada to be diamond drilled commencing early in 1970.

## FINANCIAL

The operations of the company during the year resulted in a net profit of \$116,945 as compared with a net loss of \$66,551 during the preceding year. Working capital increased during the year from \$85,954 to \$261,360.

## GENERAL

The directors wish to express their appreciation to the shareholders for their interest in the affairs of the company and to the employees for their loyalty and personal interest in our activities.

On behalf of the Board,

A. P. NEWALL, Jr.

President

February 2, 1970.



## **MINING EXPLORATION AND DEVELOPMENT**

Following is a regional summary of the mining exploration and development ventures in which Royal Canadian Ventures Ltd. has participated during the year under review in co-operation with associated companies. The various regions and areas are illustrated by maps throughout this report.

### **BRITISH COLUMBIA**

In the Province of British Columbia the Dynamic Group of companies operates under the name of Royal Canadian Ventures Ltd. from an office in Kamloops. An active exploration program was continued in 1969 and several new properties were added to the companies' holdings. Activities have been largely centred around the Kamloops area and northward as far as the Babine Lake area where a total of 1,180 mineral claims are held by the Group in 23 separate properties of which 3 are scheduled for diamond drilling commencing in January 1970. The various properties are shown by areas on the map of British Columbia accompanying this report and following are more detailed particulars pertaining to certain of these areas. The company has a 14.3% working interest in these properties with the exception of areas 18, 23 and 24.

#### **Areas 8 & 10**

These two areas comprising a total of 32 mineral claims have been studied by geophysical, geological and geochemical surveys during the past summer and anomalous areas have been outlined. Present plans call for diamond drilling on both properties commencing in the month of January 1970. Both are considered copper prospects.

#### **Area 18**

This area, comprising the group of claims owned by Royal Canadian Ventures Ltd. in the Highland Valley area, bordering the Lornex and Valley Copper properties, has been pooled with the Northlode Exploration claims, i.e. a total block of 84 mineral claims and these have been in turn jointly farmed out to Great Plains Development Company of Canada Ltd., wherein Great Plains can earn a 51% interest in the joint lands by the expenditure of certain exploration funds over the next three years. Thereafter Royal Canadian Ventures and Northlode each retain a 24.5% interest.

#### **Area 19**

This area comprises 73 mineral claims and 2 mineral leases located in the Iron Mask area, southwest of Kamloops, B.C. An exploration agreement has been entered into with Great Plains Development Company of Canada Ltd., under the terms of which Great Plains can earn a 60% interest in these lands by the expenditure of certain funds over the next 3 years. Geophysical, geochemical and geological work has been conducted over some of these lands and two interesting copper anomalies have been outlined. Great Plains has advised the Group that drilling will commence during January 1970 on these anomalous zones.

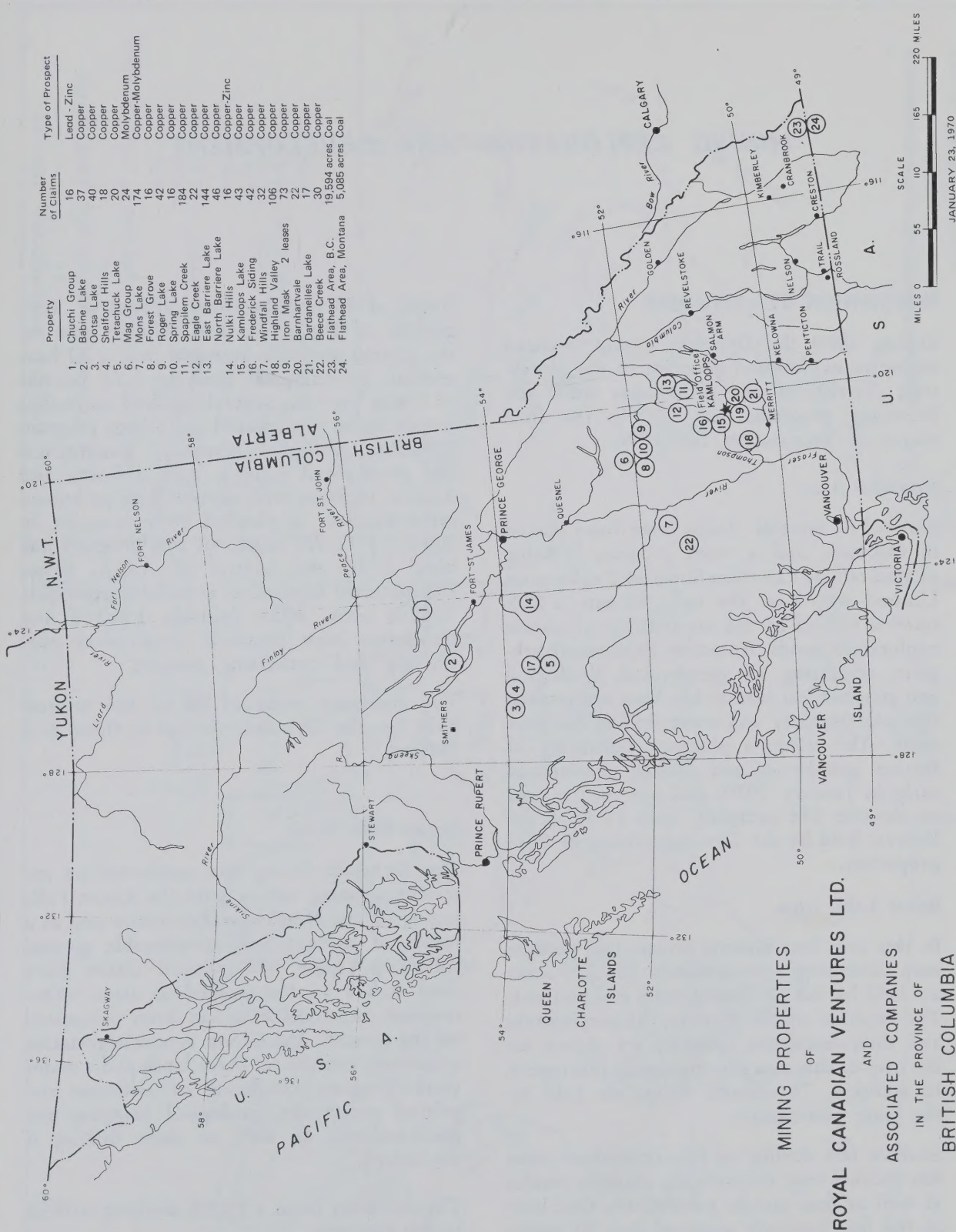
#### **Areas 11 & 13**

These areas comprising a total of 374 mineral claims are located in the Barriere Lake region approximately 50 miles north northeast of Kamloops, B.C. During the past summer, geophysical, geological and geochemical surveys were conducted on certain of these lands, namely those designated as East Barriere Lake on the map accompanying this report. Five vertical diamond drill holes totalling 2,200 feet were put down on 400-foot centres on a geochemical anomaly approximately 9,000 feet long by 2,000 feet wide. These showed extremely interesting copper mineralization in each hole. Two porphyry type mineralized zones are indicated, one approximately 100 feet in thickness and the other approximately 50 feet in thickness. Chemical assays of these zones yielded copper values ranging from 0.20% to 0.44%, with minor amounts of molybdenum, gold and silver. An induced polarization survey is planned to determine the direction and extent of the mineralized zone and as a guide to follow-up drilling.

An exploration agreement is now being negotiated with a Canadian mining company whereby that company has a right to earn up to a 51% interest in approximately 140 mineral claims of the total by carrying out an exploration and drilling program. This work is scheduled to commence in April, 1970.



Property	Number of Claims	Type of Prospect
1. Chuchi Group	16	Lead - Zinc
2. Babine Lake	37	Copper
3. Ootsa Lake	40	Copper
4. Shelford Hills	16	Copper
5. Tetachuck Lake	24	Copper
6. Tetachuck Lake	24	Copper
7. Tetachuck Lake	24	Copper
8. Tetachuck Lake	24	Copper
9. Tetachuck Lake	24	Copper
10. Tetachuck Lake	24	Copper
11. Tetachuck Lake	24	Copper
12. Tetachuck Lake	24	Copper
13. Tetachuck Lake	24	Copper
14. Tetachuck Lake	24	Copper
15. Tetachuck Lake	24	Copper
16. Tetachuck Lake	24	Copper
17. Tetachuck Lake	24	Copper
18. Tetachuck Lake	24	Copper
19. Tetachuck Lake	24	Copper
20. Tetachuck Lake	24	Copper
21. Tetachuck Lake	24	Copper
22. Tetachuck Lake	24	Copper
23. Tetachuck Lake	24	Copper
24. Tetachuck Lake	24	Copper



MINING PROPERTIES  
OF  
ROYAL CANADIAN VENTURES LTD.  
AND  
ASSOCIATED COMPANIES  
IN THE PROVINCE OF  
BRITISH COLUMBIA

## **MINING EXPLORATION AND DEVELOPMENT**

### **NORTHWEST TERRITORIES**

During 1969 the Dynamic Group initiated an active exploration program in the Northwest Territories and from this work the following programs are now in the final stages of preparation for 1970.

#### **Nonacho Area**

Some 300 mineral claims have been staked in this area and a work program is being carried out by Canadian Superior Exploration Limited who have the right to earn a 51% interest therein by the expenditure of certain exploration funds. An active exploration program consisting of geophysical, geological and geochemical studies has been undertaken this past summer and some drilling has been done. The winter's program, consisting of further geophysics and drilling commenced early in January 1970, and one drill is now on the site. The company owns 14.3% of the interest held by the Dynamic Group in these properties.

#### **Baker Lake Area**

In this area four mineral prospecting permits each containing approximately 165,000 acres are held by the Dynamic Group and partners. The location of the permits, the participants and their respective interests are shown on the map of this area accompanying this report. In addition, 75 mineral claims are held by the same participants.

Shallow test drilling on two anomalous areas has yielded very encouraging uranium results as well as base metals possibilities. One hole on the first anomaly averaged over its entire

length of 46 feet, by chemical analysis, 1.54 pounds of  $U_3O_8$  per ton. A drill hole on the second anomaly averaged over a 22 foot section, by chemical analysis, 6.76 pounds of  $U_3O_8$  per ton. Several hundred anomalies remain to be investigated and a large program including geological mapping, geochemical and geophysical surveys, both airborne and surface, together with deep drilling on known mineralization is planned to commence in April, 1970. All work on this program has been under the control of A.C.A. Howe International Limited as consulting geologists in this area, while Scintrex Limited and Geoterrex have provided geophysical contracting and consulting services.

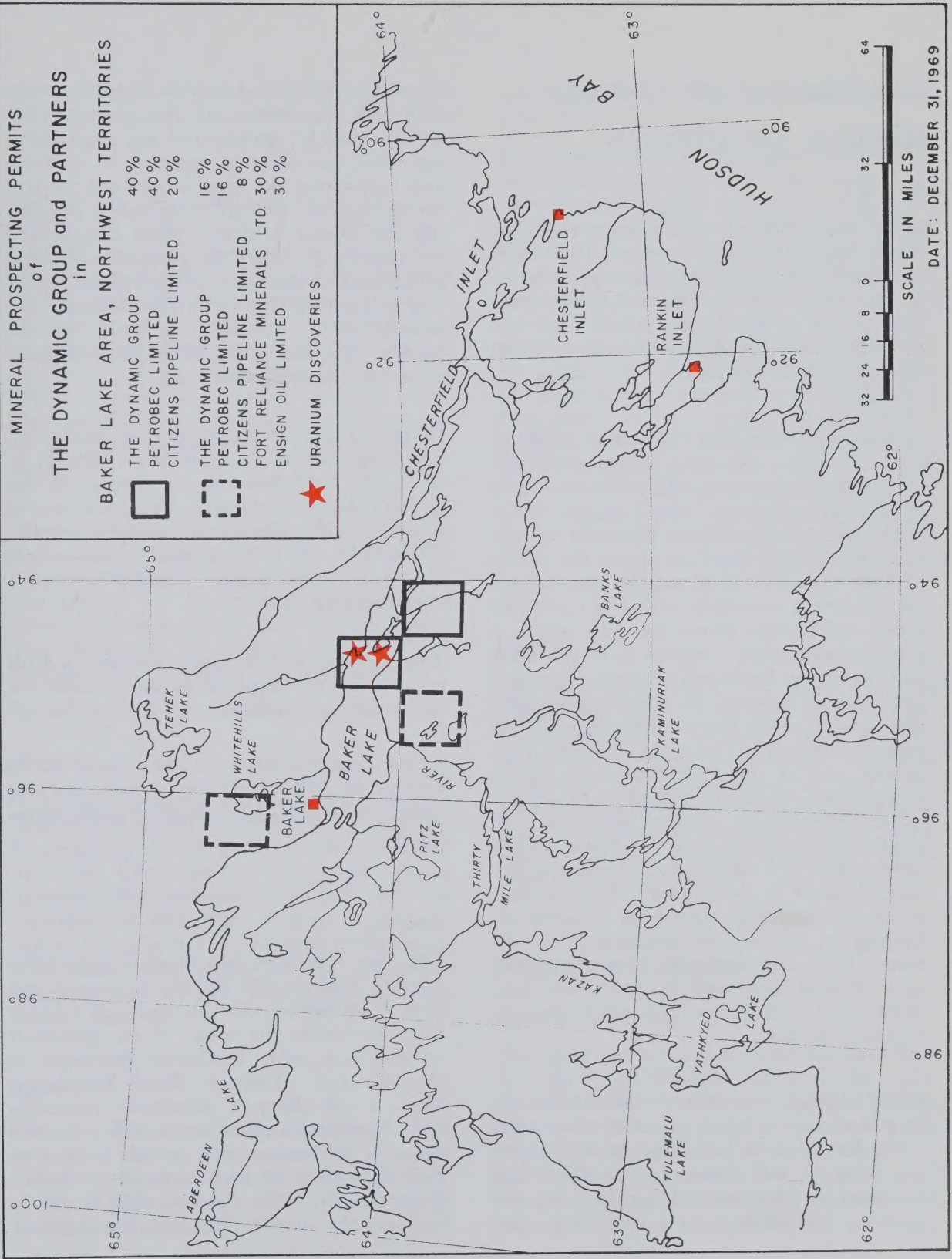
The company owns 14.3% of the interest held by the Dynamic Group in these properties.

#### **Kazan Falls Area**

The Dynamic Group has conducted an extensive airborne survey over the Kazan Falls region of the Northwest Territories and as a result of surveys and considerable ground follow-up, some 800 mineral claims have been staked on the anomalous areas where uranium mineralization has been delineated on the ground. The Group is now negotiating a farmout venture on these lands and a major work program consisting of airborne and ground geophysics, geological mapping and geochemistry, as well as deep drilling is envisioned.

The company owns a 14.3% working interest in this property.





## **MINING EXPLORATION AND DEVELOPMENT**

### **SASKATCHEWAN AND MANITOBA**

#### **NORTHERN SASKATCHEWAN**

##### **Area 1**

Since Gulf Minerals Company made their initial uranium discovery in late 1968, they have undertaken a multi-phase operation on the lands in which the Dynamic Group maintains a net profits interest. Both Gulf and ourselves are tremendously enthusiastic about the results obtained to date.

As a result of their 1968 exploration program, Gulf selected a site for a deep test which they drilled to in excess of 5,000 feet on one of the three permits located in the centre of the Athabasca Sandstone Basin. No information has been released as yet on the results of this test. The program for the eastern permits which contain in excess of 1,240,000 acres, was broken down into two parts - a general exploration program over the main portion of the lands and an exploration and development program on the discovery area now known as the Rabbit Lake deposit. The general exploration program is being conducted out of the Gulf City camp as an independent operation, with selected personnel experienced in modern geological and geophysical methods and the Rabbit Lake development is being conducted out of a new camp located at the deposit where modern permanent buildings have been constructed. Drilling on this deposit commenced in February, 1969 and continued with three drills on a 24-hour basis until the end of October, 1969 when drilling was suspended over the freeze-up period.

Initial drilling was done to determine the length of the ore body; however, when some 1,600 feet of strike length had been obtained, the program was changed to in-fill drilling to provide information for calculating ore reserves, ore grade, mining costs and other

economic studies necessary to determine mine and mill feasibility. At the present time Gulf geological, geophysical and engineering personnel are actively engaged in studying and correlating the results obtained to date on the Rabbit Lake ore body and in expediting the winter program which commenced on January 5, 1970. The program will allow drilling over water areas while they are frozen and will permit Gulf to further delineate the bounds of the present ore body. At the present time five diamond drills are in operation evaluating this ore body.

Independent of this operation, a winter drilling program was commenced on January 5, 1970, by Gulf Minerals on several of the uranium prospects located during the year as a result of the general exploration program. Three drills will be employed on this project during the winter program, each located on a separate prospect.

Shareholders will be kept advised as Gulf releases further details of its Rabbit Lake ore body and the scheduled exploitation thereof.

Royal Canadian Ventures has a direct 12.5% interest in 20% of the net profits accruing under the terms of the Gulf Minerals agreement.

##### **Area 2**

This area comprises two mineral exploration permits held jointly by the Company and New Continental Oil Company of Canada Limited. Under the terms of an agreement entered into with Westburne Petroleum & Minerals Ltd. (formerly Excel Petroleum Ltd.), a subsidiary of Westburne Industries Ltd., Westburne has acquired a 40% undivided working interest in each permit subject to their expending on each permit on or before December 31, 1972, the sum of \$850,000.00 by way of exploration and development.



## **MINING EXPLORATION AND DEVELOPMENT**

Royal Canadian Ventures Ltd. is the operator of this project and has a 20% working interest in this property.

Certain of the anomalous areas on these lands have been selected for a winter geophysical and drilling program which commenced on January 5, 1970 and one diamond drill is now on the property with further equipment to be added as required. The remainder of the airborne results not evaluated this year will be followed up in the normal 1970 mineral exploration program with diamond drilling to be conducted on anomalies as they are prepared for drilling during the season.

The geophysical operations, both airborne and ground, were carried out by Scintrex Limited of Toronto who are our Geophysical Consultants for the projects. The geological operations were carried out by J.K.B. Booth and Associates of Toronto, who are our Geological Consultants for the project.

### **Area 3**

This area comprises one mineral exploration permit held jointly by the Company and New Continental Oil Company of Canada Limited in which the Company has a 20% working interest. The exploration of this area was co-ordinated with that of Area 2 and contiguous lands in Area 4 of Northern Manitoba. The nature and extent of this exploration program has already been covered herein under Area 2.

### **Area 7**

This area comprises three mineral exploration permits held in the name of Dynamic Petroleum Products Ltd. The company has a direct 12.5% interest in these permits which contain approximately 400,000 acres located

on the southwest end of the Wollaston Lake fold belt.

During the summer of 1969 an airborne survey was conducted by Scintrex over these lands with electromagnetic, magnetic and spectrometer systems installed in a helicopter. Flight lines were flown at right angles to the strike of the formation on a quarter-mile spacing. During the same period our geological crews were on the ground checking anomalies as these became available and generally mapping the permits. Some radioactive anomalies were checked out on the ground with one showing as a prime prospect. Although time did not permit detailed evaluation of this prospect, surface sampling indicated uranium mineralization over considerable length and width. This prospect plus the remainder of the results from the 1969 airborne program are scheduled for evaluation during our 1970 exploration program.

### **Area 9**

This area comprising 27,635 acres, lies in the Head Lake region, northwest of La Ronge, Saskatchewan, in proximity to a recently announced nickel discovery. Airborne magnetics and electromagnetics have been flown over these properties and further surface work on airborne anomalies is now being considered. The company has a direct 14.3% interest in this property.

## **NORTHERN MANITOBA**

### **Area 4**

This area comprises four mineral reservations held by Royal Canadian Ventures Ltd., New Continental Oil Company of Canada Limited, Dynamic Petroleum Products Ltd. and Permo Gas & Oil Limited. The company has a 10% interest in this property. The exploration of this area was co-ordinated with the programs conducted on Areas 2 and 3.





NORTHWEST TERRITORIES

SASKATCHEWAN

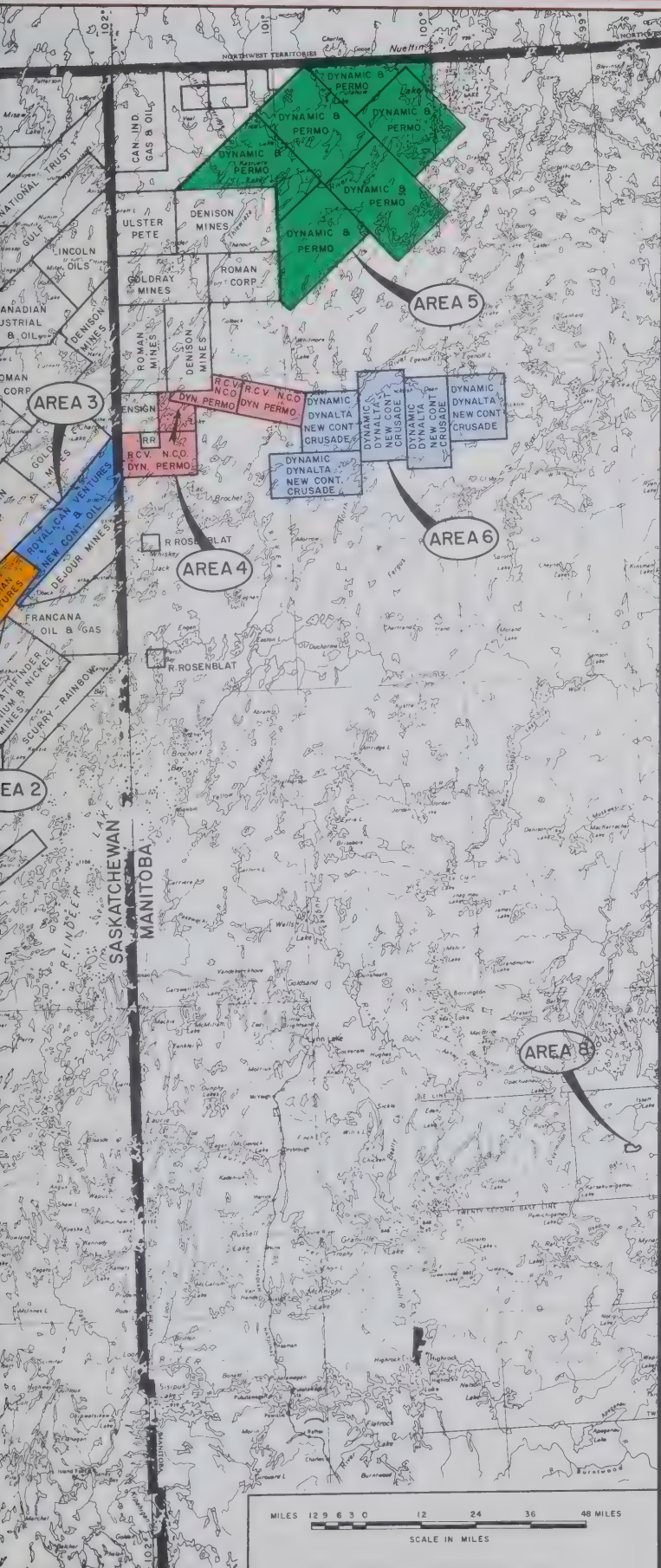
ALBERTA  
SASKATCHEWAN

AREA 9

AREA 7

AREA 1





## WOLLASTON LAKE URANIUM AREA CANADA

### AREA



**1** GULF 80% AND THE DYNAMIC GROUP 20%

DYNAMIC PETROLEUM PRODUCTS LTD.  
ROYAL CANADIAN VENTURES LTD.  
MILL CITY PETROLEUMS LIMITED  
CONSOLIDATED EAST CREST OIL COMPANY LIMITED  
NEW CONTINENTAL OIL COMPANY OF CANADA LIMITED  
CRUSADE PETROLEUM CORPORATION LIMITED  
DYNALTA OIL & GAS LTD.



**2** AREA OF COMMON INTEREST as defined under the Gulf - Dynamic Group Agreement - approximately 20,000,000 acres.



**3** ROYAL CANADIAN 20%  
NEW CONTINENTAL 20%  
EXCEL PETROLEUMS LTD. 40%\*  
SCURRY-RAINBOW OIL LIMITED 20%\*\*

\*Subject to an expenditure of \$1,700,000 in a period of four years or less; otherwise the interest reverts to Royal Canadian and New Continental.

\*\*Subject to the proviso that Scurry-Rainbow shall be obligated to assume and pay 60% of such additional expenditures up to a maximum of \$5,000,000.



**4** ROYAL CANADIAN 20%  
NEW CONTINENTAL 20%  
SCURRY-RAINBOW 40%\*  
SCURRY-RAINBOW 20%\*\*

\*Subject to an expenditure of \$825,000 in a period of four years or less; otherwise the interest reverts to Royal Canadian and New Continental.

\*\*Subject to the proviso that Scurry-Rainbow shall be obligated to assume and pay 60% of such additional expenditures up to a maximum of \$5,000,000.



**5** ROYAL CANADIAN 10%  
NEW CONTINENTAL 10%  
DYNAMIC PETROLEUM 16%  
PERMO GAS & OIL LIMITED 4%  
SCURRY-RAINBOW 40%\*  
SCURRY-RAINBOW 20%\*\*

\*Subject to an expenditure of \$678,500 in a period of four years or less; otherwise the interest reverts to Royal Canadian and New Continental.

\*\*Subject to the proviso that Scurry-Rainbow shall be obligated to assume and pay 60% of such additional expenditures up to a maximum of \$5,000,000.



**6** DYNAMIC PETROLEUM 64%\*  
PERMO GAS & OIL LIMITED 16%\*  
SCURRY-RAINBOW 20%\*\*

\*Subject to Scurry-Rainbow having the option to earn one half of this interest in 1970.

\*\*Subject to the proviso that Scurry-Rainbow shall be obligated to assume and pay 60% of such additional expenditures up to a maximum of \$5,000,000.



**7** DYNAMIC PETROLEUM 25%\*  
DYNALTA OIL & GAS CO. LTD. 25%\*  
NEW CONTINENTAL 25%\*  
CRUSADE PETROLEUM 25%\*

\*Subject to the right of Dynamic Mining to earn a 40% interest by spending \$150,000.



**8** THE DYNAMIC GROUP 87%  
NEW CONTINENTAL 50%  
ROYAL CANADIAN 50%  
24 Mineral Claims

### NOTE 1

The net profits interest retained by the Dynamic Group of Companies under the terms of the Gulf agreement before and after taking into consideration the inter-company share ownership, is shared approximately as follows:

	Direct interest %	Approximate interest in inter-company shareholdings %	Total %
Dynamic Petroleum Products Ltd.	12.50	12.99	25.49
Royal Canadian Ventures Ltd.	12.50	5.00	17.50
Mill City Petroleum Limited	12.50	13.78	26.28
Permo Gas & Oil Limited	—	19.24	19.24
New Continental Oil Company of Canada Limited	12.50	3.57	16.07
Consolidated East Crest Oil Company Limited	12.50	0.26	12.76
Crusade Petroleum Corporation Limited	12.50	0.22	12.72
Dynalta Oil & Gas Co. Ltd.	12.50	0.25	12.75
	87.50	Totals not Applicable	

### NOTE 2

Scurry-Rainbow Oil Limited acquired its 20% interest in the various agreements indicated in the legend for a consideration of 15,000 shares of Scurry-Rainbow or \$600,000, and also an undertaking by Scurry-Rainbow to assume and pay 60% of such additional expenditures as may be required up to a maximum of \$5,000,000 on each of the four agreements for a total of \$20,000,000 maximum.

### NOTE 3

The permits on this map are in the names of the companies as shown and compiled from information believed to be reliable but not guaranteed.

These permits give the holder the right to explore for all minerals (including uranium) but excepting petroleum and natural gas, coal, and in Saskatchewan, those described as alkali minerals.

Average Permit size - 192,000 acres (300 square miles).

### NOTE 4

Permits as at November 30, 1969.

# Royal Canadian

## BALANCE

SEPTEMBER 30, 1969

### ASSETS

	1969	1968
CURRENT		
Cash . . . . .	\$ 21,383	\$ 7,778
Short term deposits . . . . .	75,000	60,000
Accounts receivable . . . . .	47,305	48,089
Marketable securities - at cost (market value 1969 - \$120,604; 1968 - \$7,863) . . . . .	139,636	8,713
Work in progress . . . . .	16,271	—
	<u>299,595</u>	<u>124,580</u>
OPERATING AND PERFORMANCE DEPOSIT . . . . .	<u>—</u>	<u>21,781</u>
INVESTMENTS		
Shares of Mill City Petroleums Limited - at cost (market value 1969 - \$2,565,250; 1968 - \$1,453,641) (Note 2) . . . . .	356,962	356,962
Shares of other companies - at cost . . . . .	7,335	7,335
	<u>364,297</u>	<u>364,297</u>
PROPERTY, PLANT AND EQUIPMENT - AT COST (NOTE 1)		
Producing properties . . . . .	444	444
Well development costs . . . . .	248,408	261,495
Non-producing properties . . . . .	18,672	22,436
Production and other equipment . . . . .	76,388	80,849
	<u>343,912</u>	<u>365,224</u>
Less accumulated depletion and depreciation . . . . .	202,151	186,783
	<u>141,761</u>	<u>178,441</u>
	<u>\$805,653</u>	<u>\$689,099</u>





# *Royal Canadian Ventures Ltd.*

## STATEMENT OF INCOME AND DEFICIT

Year Ended September 30, 1969

*(with comparative figures for 1968)*

	1969	1968
REVENUE		
Crude oil and natural gas sales, less royalties . . . . .	\$103,589	\$ 91,142
Less production expenses . . . . .	24,692	24,964
	78,897	66,178
Royalties . . . . .	697	757
Interest . . . . .	4,647	6,595
Other . . . . .	714	—
	84,955	73,530
EXPENSE		
Administrative and general . . . . .	42,066	31,519
Exploration and survey costs . . . . .	74,664	71,592
Property carrying costs (lease rentals, etc.) . . . . .	3,885	11,820
Interest . . . . .	108	—
	120,723	114,931
CASH LOSS FROM OPERATIONS . . . . .	35,768	41,401
ADD		
Depletion . . . . .	15,274	16,096
Depreciation . . . . .	4,086	3,439
Abandonments:		
Petroleum and natural gas and mining properties . . . . .	5,764	695
Well development costs . . . . .	270	49,206
Loss on disposal of equipment . . . . .	2,530	364
	27,924	69,800
DEDUCT		
Gain on sale of properties . . . . .	180,637	44,650
NET PROFIT (LOSS) (NOTE 4) . . . . .	116,945	(66,551)
DEFICIT, beginning of year . . . . .	672,191	605,640
DEFICIT, end of year . . . . .	\$555,246	\$672,191

*See accompanying notes.*



# *Royal Canadian Ventures Ltd.*

## STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Year Ended September 30, 1969

*(with comparative figures for 1968)*

	1969	1968
SOURCE OF FUNDS		
Proceeds from sale of properties . . . . .	\$193,333	\$ 44,650
Decrease (increase) in performance deposits . . . . .	21,781	(14,638)
Proceeds from shares issued pursuant to stock options granted . . . . .	—	33,334
	<u>215,114</u>	<u>63,346</u>
APPLICATION OF FUNDS		
Cash loss from operations . . . . .	35,768	41,401
Petroleum and natural gas and mining properties . . . . .	2,000	1,738
Well development costs, including dry holes . . . . .	411	54,747
Production and other equipment - net . . . . .	1,529	9,345
	<u>39,708</u>	<u>107,231</u>
INCREASE (DECREASE) IN WORKING CAPITAL . . . . .	175,406	(43,885)
WORKING CAPITAL, BEGINNING OF YEAR . . . . .	<u>85,954</u>	<u>129,839</u>
WORKING CAPITAL, END OF YEAR . . . . .	<u>\$261,360</u>	<u>\$ 85,954</u>

# *Royal Canadian Ventures Ltd.*

## NOTES TO FINANCIAL STATEMENTS

September 30, 1969

### 1. ACCOUNTING POLICY

The company's policy is to capitalize the acquisition costs of petroleum and natural gas and mining interests together with development costs thereon. Carrying costs and exploration expenses are charged against income as incurred. Acquisition costs of producing properties together with related development costs and production equipment are written off on a unit of production basis. The costs of non-producing properties and unproductive development are charged against income in the year of abandonment.

### 2. MARKET VALUE OF INVESTMENT

Due to the number of shares involved in the investment in Mill City Petroleum Limited, the quoted market value is not necessarily indicative of the amount that could be realized if the shares were to be sold.

### 3. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

Included in general and administrative expense is an amount of \$14,772, being the company's share of remuneration paid to directors and senior officers.

### 4. INCOME TAXES

For income tax purposes the Company is entitled to claim drilling, exploration and lease acquisition costs and tax depreciation in amounts which may exceed the related depletion and depreciation provisions reflected in its accounts. For the year under review the capital cost allowances claimed are not significantly different from the depreciation provided in the accounts. Expenditures remaining to be carried forward and applied against future taxable income are as follows:

Drilling, exploration and lease acquisition costs	\$875,300
Capital cost allowances	\$ 15,800

Management does not believe that it is appropriate to provide for income taxes deferred as a result of claims for drilling, exploration and lease acquisition costs; while the view of management conforms with general practice in the oil and gas industry and is accepted by accounting authorities outside Canada, it differs from the tax allocation basis of accounting recommended by The Accounting and Auditing Research Committee of The Canadian Institute of Chartered Accountants under which an income tax provision is based on income reported in the accounts.

On a cumulative basis to September 30, 1969 the Company has written off in its accounts approximately \$760,300 in excess of capital cost allowances and drilling, exploration and lease acquisition costs claimed for income tax purposes.



## AUDITORS' REPORT

To the Shareholders of

Royal Canadian Ventures Ltd.

We have examined the balance sheet of Royal Canadian Ventures Ltd. as of September 30, 1969 and the statements of income and deficit and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company at September 30, 1969 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

PEAT, MARWICK, MITCHELL & CO.  
Chartered Accountants

Calgary, Alberta  
December 11, 1969.

# Royal Canadian Ventures Ltd.

ACREAGE HOLDINGS AT SEPTEMBER 30, 1969

## PETROLEUM AND NATURAL GAS INTERESTS

PRODUCING P&NG LEASES	ACREAGE	INT. %	FARMEE OR OPERATOR
Alberta			
Cessford Gas Unit . . . . .	160	5.	GOR Hudson's Bay Oil and Gas
Clive . . . . .	160	50.	Royal Canadian Ventures
Hussar . . . . .	3,840	13.125	Mill City Petroleum
Hussar . . . . .	1,760	5.	" " "
Hussar . . . . .	1,920	4.375	" " "
	<u>7,840</u>		
NON-PRODUCING P&NG LEASES			
Alberta			
Clive . . . . .	160	50.	Royal Canadian Ventures
Rainbow South . . . . .	320	20.	New Continental Oil
Steele Lake . . . . .	640	20.	Mill City Petroleum
South Thurston Lake . . . . .	3,520	12.5	Gulf Oil Canada
Saskatchewan			
Auburnton . . . . .	160	16.6666	Mill City Petroleum
N. W. Arcola . . . . .	640	16.6666	" " "
Rapdan Loomis . . . . .	80	12.5	" " "
Rapdan Loomis . . . . .	3,737	8.3333	" " "
	<u>9,257</u>		
P&NG LEASES & RESERVATIONS			
Alberta			
Clive . . . . .	960	2.5	GOR Chevron Standard Limited
Saddle Lake . . . . .	1,277	2.48	NCI Canadian Sulphur Dev.
Zama West . . . . .	3,840	.75	GOR Amoco Canada Petroleum
	<u>6,077</u>		

Interest percentages, unless otherwise noted, are working interests.  
 GOR - Gross Overriding Royalty.  
 NCI- Net Carried Interest.



# MINERAL INTERESTS

BRITISH COLUMBIA	NUMBER	INT. %	FARMEE OR OPERATOR
CLAIMS			
Highland Valley . . . . .	20	15.	Alwin Mining
Highland Valley . . . . .	84	24.5	Great Plains Development
B Group . . . . .	30	14.2857	Royal Canadian Ventures
Beece Creek . . . . .	30	"	" " "
Babine Lake . . . . .	28	"	" " "
Chuchi . . . . .	52	"	" " "
Crescent Lake . . . . .	4	"	" " "
Dardanelles Lake . . . . .	18	"	" " "
Eagle Creek . . . . .	40	"	" " "
East Barriere Lake . . . . .	120	"	" " "
Forest Grove . . . . .	16	"	" " "
Frederick Siding . . . . .	36	"	" " "
Harper Creek . . . . .	10	"	" " "
Iron Mask . . . . .	68	"	" " "
Kamloops Lake . . . . .	44	"	" " "
Mag . . . . .	24	"	" " "
Mons Lake . . . . .	174	"	" " "
North Barriere Lake . . . . .	46	"	" " "
Nulki Hills . . . . .	16	"	" " "
Ootsa Lake . . . . .	40	"	" " "
Roger Lake . . . . .	42	"	" " "
Shelford Hills . . . . .	18	"	" " "
Spapilem Creek . . . . .	166	"	" " "
Spring Lake . . . . .	16	"	" " "
Tetachuk Lake . . . . .	20	"	" " "
Windfall Hills . . . . .	32	"	" " "
	<u>1,194</u>		
LEASES			
Iron Mask . . . . .	2	14.2857	Royal Canadian Ventures
COAL LICENCES	ACREAGE		
Flathead . . . . .	19,594	10.	Steel Company of Canada
SASKATCHEWAN			
PERMITS			
Wollaston Lake . . . . .	1,820,366	12.5% interest in 20% defined net profits interest	Gulf Minerals Company
Wollaston Lake . . . . .	555,800	12.5	New Continental Oil Company
Wollaston Lake (South & East) . . . . .	345,000	20.	Westburne Petroleum & Minerals
Wollaston Lake (North) . . . . .	192,000	40.	Scurry-Rainbow Oil Limited
CLAIM BLOCKS			
Head Lake . . . . .	27,635	14.2857	New Continental Oil Company
CLAIMS			
Wollaston Lake . . . . .	24 cl.	50.	Royal Canadian Ventures
MANITOBA			
RESERVATIONS			
Misty Lake . . . . .	237,990	20.	Scurry-Rainbow Oil Limited
CLAIM BLOCKS			
Misty Lake . . . . .	5,476	20.	" " "
CLAIMS			
Misty Lake . . . . .	6 cl.	20.	" " "
NORTHWEST TERRITORIES			
PERMITS			
Baker Lake . . . . .	337,010	5.7143	Petrobec Limited
Baker Lake . . . . .	333,960	2.2857	New Continental Oil Company
CLAIMS			
Hjalmar Lake . . . . .	293 cl.	14.2857	Canadian Superior Exploration











## TO THE SHAREHOLDERS:

The map accompanying this interim report highlights the interest of Royal Canadian Ventures and associated companies in the Wollaston Lake uranium area and shows thereon in particular detail the company's varying interests in approximately 3,160,000 acres contained in mineral prospecting permits, reservations and claims.

Gulf Minerals Company re-entered the area in February, 1969 with one drill to commence evaluating and to determine the extent of their 1968 uranium discovery on the lands shown in red comprising approximately 1,825,000 acres. At the date of this report two more drills have been added to speed the evaluation. Gulf is understandably being very cautious in its approach to announcements concerning its work on the property but they have thus far publicly indicated that three drill holes have encountered high quality ore grade mineralization. On the three permit blocks in the centre of the Athabasca Sandstone basin Gulf has contracted the drilling of a deep test (3,000' to 5,000') which should commence very soon with completion expected in June or July.

Of particular interest are the three permits, containing approximately 556,000 acres lying to the southwest of the Gulf-Dynamic Group lands, shown in light green. These lands are held by the Dynamic Group and Royal Canadian Ventures has a 12½% undivided interest therein. Serious negotiations are now underway to complete a joint development agreement on these tracts.

The two permits shown in yellow containing some 345,000 acres are subject to agreements entered into with Excel Petroleum Ltd. and Scurry Rainbow Oil Limited pursuant to the terms of which Excel obtained a 40% undivided interest subject to an expenditure of \$1,700,000 in four years or less and Scurry purchased an undivided 20% interest for a share or cash consideration. Furthermore, after Excel has earned its interest aforesaid, Scurry is obligated, unless it surrenders all of its interest, to assume 60% (including the 40% interest retained by Royal

### TRADING RANGE and VOLUME of SHARES of ROYAL CANADIAN VENTURES LTD.

Month	High	Low	Volume
May 1968	\$0.39	\$0.34	40,250
June	0.40	0.36	19,550
July	0.39	0.31	18,700
August	0.40	0.33	23,150
September	0.39	0.32	22,330
October	0.47	0.35	85,210
November	2.20	0.40	907,537
December	5.15	2.10	1,159,336
January 1969	6.00	4.40	293,725
February	5.60	3.50	94,670
March	6.25	3.90	175,335
April	6.10	4.35	224,400

Canadian Ventures and New Continental) of all additional exploration and development expenditures up to a maximum of \$5,000,000.

The permit shown in blue containing 192,000 acres is subject to agreements entered into with Scurry Rainbow Oil Limited pursuant to the terms of which Scurry purchased a 20% undivided interest for a share or cash consideration and has the right to earn an additional 40% undivided interest by expending in the next four years or less the sum of \$825,000 by way of exploration and development. Furthermore, Scurry is obligated, unless it surrenders all of its interest, to assume 60% (including the 40% interest retained by Royal Canadian Ventures and New Continental) of all additional exploration and development expenditures up to a maximum of \$5,000,000.

In the Province of Manitoba the four reservations shown in pink containing some 238,000 acres are subject to agreements entered into with Scurry Rainbow Oil Limited pursuant to the terms of which Scurry purchased a 20% undivided interest for a share or cash consideration and has the right to earn an additional 40% undivided interest by expending in the next four years or less the sum of \$678,500 by way of exploration and development. Furthermore, Scurry is obligated,

unless it surrenders all of its interest, to assume 60% (including the 40% interest retained by Royal Canadian Ventures and associated companies) of all additional exploration and development expenditures up to a maximum of \$5,000,000.

The small blue circle on the map denotes 24 mineral claims in which the company has a 50% undivided interest. These claims were staked as a result of very interesting and extensive copper shows found during our 1968 field program and will be further evaluated this year.

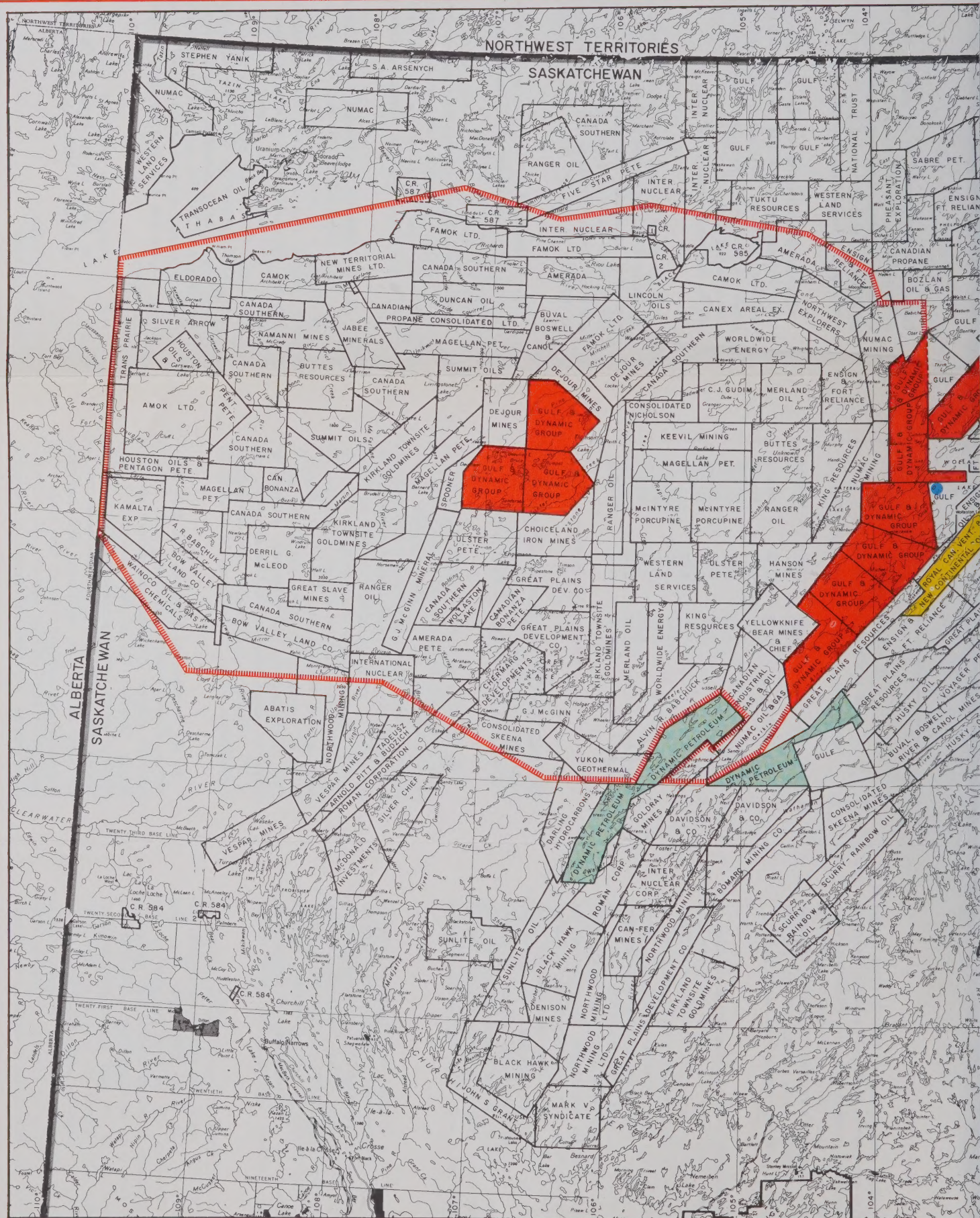
Of the share or cash consideration to be paid by Scurry Rainbow for the 20% undivided interest purchased aforesaid, the company will receive \$187,500 in cash or 4,688 shares of the capital stock of Scurry Rainbow Oil Limited according to specific terms set forth in our agreement.

The Wollaston Lake uranium area, as a result of surveys conducted by the Dynamic Group of companies in 1967 leading to the uranium discovery by Gulf in 1968, is very much in the current spotlight and further information pertaining to Gulf's operations in particular will be released to shareholders as and when such information is released to us by Gulf Minerals Company.

In the Northwest Territories, Royal Canadian Ventures is participating with the Dynamic Group of companies in two separate projects. Late last fall staking was completed on an interesting uranium showing and an option agreement has been entered into with a prominent U.S. oil corporation for further exploration of this area during this summer. In the Baker Lake region, the Group recently acquired a major interest in approximately 375,000 acres of permits. This is a new potential uranium area and will be under active exploration this year by many prominent companies.

Respectfully submitted  
on behalf of the Board of Directors,  
ARCHIE P. NEWALL, JR., President  
Calgary, Alberta  
May 20, 1969







The map displays the northern region of Saskatchewan, Canada, with a focus on oil and gas fields. Key features include:

- Oil and Gas Fields:** Numerous fields are labeled, including Denison Mines, Roman Corp., DYNALTA, and DYNALTA NEW CONT. CRUSADE. Some fields are highlighted in green (oil) and others in blue (gas).
- Towns and Cities:** Several locations are marked, including Regina, Saskatoon, and Swift Current.
- Geographical Features:** The map shows the Saskatchewan River and various lakes.
- Scale and Date:** A scale bar at the bottom indicates distances in miles (0 to 48 miles). The date 'MAY 12, 1969' is printed at the bottom right.



**1100**

Average Permit size - 192,000 acres (300 square miles).

MAY 12, 1969



ROYAL CANADIAN VENTURES LTD.  
 Unaudited Report for the Six Months ended March 31, 1969  
 (With comparative figures for 1968)

STATEMENT OF INCOME AND EXPENSES

	1969	1968
<b>REVENUE</b>		
Crude oil and natural gas sales less royalties . . . . .	\$ 52,956	\$ 48,047
Less production expenses . . . . .	13,831	13,210
Royalties . . . . .	39,125	34,837
Interest . . . . .	414	480
	1,940	2,585
	41,479	37,902
<b>EXPENSE</b>		
Administrative and general . . . . .	23,332	16,422
Exploratory costs, lease rentals, etc. . . . .	27,724	31,834
	51,056	48,256
<b>CASH LOSS FROM OPERATIONS</b> . . . . .	9,577	10,354
<b>ADD</b>		
Abandonments		
Petroleum and natural gas and mining interests . . . . .	201	659
Well development costs . . . . .	11,000	41,635
Depreciation and depletion . . . . .	20,778	7,000
		59,648
<b>DEDUCT</b>		
Gain on sale of properties . . . . .	199	42,500
<b>NET LOSS FOR THE PERIOD</b> . . . . .	\$ 20,579	\$ 17,148

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

<b>SOURCE OF FUNDS</b>	\$	\$
Issue of treasury shares . . . . .	199	33,333
Proceeds from sale of properties . . . . .	21,781	42,500
Decrease (increase) in performance deposits . . . . .	21,980	(17,857)
		57,976
<b>APPLICATION OF FUNDS</b>		
Cash loss from operations . . . . .	9,577	10,354
Petroleum and natural gas and mining interests . . . . .	214	710
Well development costs, including dry holes . . . . .	334	54,722
Production and other equipment . . . . .	3,256	8,874
	13,381	74,660
<b>INCREASE (DECREASE) IN WORKING CAPITAL</b> . . . . .	8,599	(16,684)
<b>WORKING CAPITAL, beginning of period</b> . . . . .	85,954	129,839
<b>WORKING CAPITAL, end of period</b> . . . . .	\$ 94,553	\$113,155

(subject to adjustment at year end)

NOTE: Pursuant to an Agreement entered into with Scurry Rainbow Oil Limited the Company disposed of a portion of its interest in certain mineral prospecting permits in the Wollaston Lake uranium area (See Note 2 on map accompanying this report) and in addition to other consideration will receive 4,688 shares of Scurry-Rainbow Oil Limited on or before June 7, 1969, or the sum of \$187,500 in cash. This transaction is not reflected in the financial statements shown above.

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INTERIM  
 REPORT

March 31st, 1969